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Evidence in Action: Reducing Racial Wealth Gaps through Effective Support for Public Higher Education

By *Institute for Research on Race and Public Policy*

Event Background and Synopsis

Investing in higher education has both individual and larger public advantages. From an individual standpoint, higher education has become increasingly necessary to be competitive and successful in the modern economy, as a majority of jobs require a college degree. Obtaining a post-secondary degree is also correlated with enhancing socioeconomic mobility and reducing wage gaps by race and ethnicity. Evidence also shows that investing in higher education is a great way to stimulate the private sector economy. However, there is also evidence of significant disinvestment in higher education over the past few decades. This disinvestment has made higher education even more unaffordable to economically vulnerable individuals and people of color. If higher education is a potential route to social and economic mobility, how can governmental policymakers use evidence-based research to make it more accessible for historically vulnerable groups?

A public virtual panel, cohosted by the Institute for Research on Race and Public Policy (IRRPP), the Center for Tax and Budget Accountability (CTBA), and the White House Office of Science and Technology Policy (OSTP), in collaboration with the Office of Management and Budget (OMB), explored the disproportionately negative impact of historical disinvestment in public higher education for young Black and Latinx people and families. The panel used Illinois as a case study to examine the relationship between support for higher education, student loan debt, and racial wealth gaps, offering policy recommendations that have proved effective in making high quality education more affordable via reinvigorated state support and renewed federal support.

The event began with opening remarks from Christina Ciocca Eller, Assistant Director of Evidence Policy at OSTP, followed by a panel facilitated by Deana Lewis of IRRPP, with presentations from;

- Ralph Martire, Executive Director of CTBA and Arthur Rubloff Endowed Professor of Public Policy at Roosevelt University;
- Amanda Lewis, Director of IRRPP and Distinguished Professor of Sociology and Black Studies at the University of Illinois Chicago; and
- Fructoso Basaldua of the University of Illinois Chicago.

The event also featured a diverse group of panelists;

- Matthew Soldner, Commissioner of the National Center for Education Evaluation and Regional Assistance with the U.S. Department of Education;
- Devin Fergus, Arvarh E. Strickland Distinguished Professor of History, Black Studies, and Public Affairs at the University of Missouri;
- Laura Hamilton, Professor of Sociology at the University of California, Merced and Co-founder of the Higher Education, Race, and the Economy Lab; and
- Louise Seamster, Assistant Professor in Sociology and Criminology and African American Studies at the University of Iowa.

Key Insights

Presenters highlighted their research regarding disinvestment in public higher education during the 21st century. They also discussed how racial disparities in wealth and other socioeconomic measures relate to inequities in attaining higher education for racially and socioeconomically marginalized groups. Below are a few of the key insights shared by the speakers followed by future opportunities available to policymakers to expand social mobility and promote higher educational attainment.

Evidence shows a correlation between socioeconomic outcomes and educational attainment.

Ralph Martire noted the increasing wage gap between individuals with a bachelor's degree or higher and those with a high school diploma. This gap has widened as state and federal funding sources have disinvested in public higher education, he explained, referencing that from 1979 to 2019, the difference in earning power between individuals with and without a college degree widened substantially. At the national level in 1979, full-time workers with a bachelor's degree or higher had median weekly earnings that were 38 percent greater than workers whose highest level of education was a high school diploma. By 2022, that wage gap had more than doubled to 85 percent.

Amanda Lewis and Fructoso Basaluda pointed out the role of familial resources and support in attaining a higher education, noting that white middle class individuals were more likely than their Black and Latinx counterparts to have received financial support from their parents in pursuing their postsecondary education. This benefit of intergenerational financial access extended far beyond the immediate benefits experienced while in college, as individuals who received familial financial support also tended to have better socioeconomic outcomes, such as higher paying jobs, home ownership, and better health than those who did not.

The disinvestment in public higher education has racially disparate impacts at both the individual and public levels.

The cost of attending a public university in Illinois has increased by nearly 100% over the past 20 years, with full time enrollment at these institutions significantly decreasing over the last ten years. Presenters also noted racial disparities in the impacts of government policies that have contributed to the defunding of public higher education, which appear to be race neutral on the surface. Laura Hamilton highlighted some of the racially disparate impacts of disinvestment in higher education at the institutional level, pointing to the unequal allocation of resources and status that disproportionately impact public colleges and universities with large numbers of racially marginalized students. The concept of 'postsecondary redlining' was presented as a metaphor for today's higher education system, as colleges and universities that serve underrepresented students routinely and systemically have more limited access to funding and resources—as redlined communities once were.

University wealth is concentrated at schools that serve very few numbers of marginalized students, as these schools have access to sources of private revenue, such as endowments and corporate sponsorship of programs, which they can use to compensate for state and federal disinvestment. Coupled with the uneven distribution of already scarce public higher education funds, this dynamic forces financially disadvantaged students— who disproportionately happen to also be racially and socioeconomically marginalized— to compensate for the burden of the cost of higher education.

Student loans disparately impact racially marginalized borrowers.

Several of the panelists emphasized that ways in which debt works differently for Black and Latinx families in comparison to similarly situated white families. According to data from the National Center for Education Statistics, (NCES), 12 years after starting college, the median white borrower still owed 65 percent of the principal amount of the college loans amount originally borrowed. By comparison, after 12 years, the median Black borrower actually owed 13 percent more than the principal amount of what was originally borrowed.

Future Directions and Opportunities

The discussion highlighted strategies to increase access, retention, and graduation in public higher education, especially for minorities.

Speakers continually expressed their enthusiasm to share data and research as a means to develop evidence-based reforms with policymakers. Matthew Soldner of the U.S. Department of Education highlighted the ways in which policymakers seek to gather, share, and find the highest quality of evidence to inform policy reforms, pointing to the Department’s strategic goal for evidence-building (more details can be found at <https://www2.ed.gov/about/reports/strat/index.html>).

Policymakers, scholars, and community organizers must work in collaboration to utilize evidence-based research, such as those cited in the “Additional Resources” section, to inform policy reforms that target racial disparities in accessing public higher education. Some of these potential reforms include:

- Push for increases in public investment at the state and federal levels that directly target decreasing cost of tuition and fees for individuals, specifically for students of color or other marginalized students;
- Invest in evidence-based academic programming that supports students financial well-being, such as providing paid internships, financial literacy, and career coaching; and
- Continue exploring options for student loan reform, such as that described in the current Executive Order for Student Loan Debt Relief that focus on targeted relief to borrowers who received Pell Grants. This Executive Order would primarily benefit Black borrowers since the percentage of students who received Pell Grants was highest for Black students at 72 percent, according to 2015-2016 data.

Additional Resources:

Center for Tax and Budget Accountability. Why Illinois Should Enhance its Investment in Higher Education. March 28, 2023. (<https://www.ctbaonline.org/reports/why-illinois-should-enhance-its-investment-higher-education>)

Fergus, Devin. 2018. *Land of the Fee: Hidden Costs and the Decline of the American Middle Class*. London: Oxford University Press.

Hamilton, Laura, and Kelly Nielsen. 2021. *Broke: The Racial Consequences of Underfunding Public Universities*. Chicago: The University of Chicago Press.

Institute for Research on Race and Public Policy. "[Chicago's Racial Wealth Gap: Legacies of the Past, Challenges in the Present, Uncertain Futures](https://uofi.app.box.com/folder/131943094714)." February 2021.
(<https://uofi.app.box.com/folder/131943094714>)

Seamster, Louise and Raphaël Charron-Chénier. 2017. "Predatory Inclusion and Education Debt: Rethinking the Growing Racial Wealth Gap." *Social Currents* 4(3:):199-207.